

PINEVILLE DOWNTOWN DEVELOPMENT DISTRICT

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021**



**Rozier McKay
& Willis** | CERTIFIED PUBLIC
ACCOUNTANTS

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August 6, 2022

Accountants' Compilation Report

To the Board of Commissioners
Pineville Downtown Developmental District
Pineville, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities and each major fund of Pineville Downtown Developmental District, as of and for the year ended September 30, 2021, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

OTHER SUPPLEMENTAL INFORMATION

The other supplemental information contained in the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the general fund's financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

A handwritten signature in blue ink that reads 'Rozier, McKay & Willis'.

Rozier, McKay & Willis
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Pineville Downtown Development District
Management's Discussion and Analysis
September 30, 2021

This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2021.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the District's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the District's assets and all of the District's liabilities. All of the District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by contributions, sales of property and various fees.

Fund Financial Statements

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the District's funds are Governmental Funds. These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the District's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

An analysis of the government-wide Statement of Net Position is presented as follows:

	<u>September</u> <u>30, 2021</u>	<u>September</u> <u>30, 2020</u>
<u>Assets:</u>		
Current and Other Assets	\$ 208,154	\$ 224,943
Total Assets	208,154	224,943
<u>Liabilities:</u>		
Long-term Liabilities	----	----
Total Liabilities	----	----
<u>Net Position:</u>		
Restricted	208,154	224,943
Total Net Position	\$ 208,154	\$ 224,943

Pineville Downtown Development District
Management's Discussion and Analysis
September 30, 2021

As the presentation appearing above demonstrates, all of the District's net position represents resources that are subject to restrictions that are imposed by legislation.

An analysis of the government-wide Statement of Activities is presented as follows:

	<u>For the Year Ended Sept. 30, 2021</u>	<u>For the Year Ended Sept. 30, 2020</u>
<u>Revenues:</u>		
Program Revenue:		
Charges for Services	\$ ----	\$ ----
Operating Grants and Contributions	----	----
Capital Grants and Contributions	----	----
General Revenue:		
Other	105	959
Special Items		
Other Revenues	----	224,400
Total Revenue	105	225,359
<u>Program Expenses:</u>		
Economic Development	16,894	2,095
Building Operations	----	----
Interest on Long-Term Debt	----	----
Total Program Expenses	16,894	2,095
Change in Net Position	(16,789)	223,264
Net Position Beginning	224,943	1,679
Net Position Ending	\$ 208,154	\$ 224,943

As the accompanying presentation demonstrates the District's net position decreased by \$16,789 as a result of current operations. The decrease is attributable to activity being limited to disbursements for economic development.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the year ended September 30, 2021, fund balances decreased by \$16,789.

BUDGET HIGHLIGHTS

For the year ended September 30, 2021, the District allocated \$175,000 for economic development expenses.

CAPITAL ASSET ADMINISTRATION

For the year ended September 30, 2021, there was no capital asset activity.

DEBT ADMINISTRATION

For the year ended September 30, 2021, there was no debt activity.

Pineville Downtown Development District
Management's Discussion and Analysis
September 30, 2021

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations.

Pineville Downtown Development District

Statement of Net Position

September 30, 2021

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 208,154
Total Assets	<u>208,154</u>
<u>LIABILITIES</u>	
Accounts Payable	-
Accrued Interest Payable	-
Long-term Debt	
Due in More than One Year	<u>-</u>
Total Liabilities	<u>-</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	-
Unrestricted	<u>208,154</u>
Total Net Position	<u>\$ 208,154</u>

Pineville Downtown Development District

Statement of Activities

For the Year Ended September 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Governmental Activities</u>					
Economic Development	\$ 16,894	\$ -	\$ -	\$ -	\$ (16,894)
Interest on Long-Term Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>16,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,894)</u>
		<u>General Revenues:</u>			
					105
		<u>Special Items:</u>			
					-
					<u>105</u>
					(16,789)
					<u>224,943</u>
					<u>\$ 208,154</u>

Pineville Downtown Development District

Balance Sheet - Governmental Funds

September 30, 2021

	General Fund
Assets	
Cash and Cash Equivalents	\$ 208,154
Total assets	<u>\$ 208,154</u>
Liabilities and Fund Balance	
<u>Liabilities</u>	
Accounts Payable and Accrued Expenses	\$ -
Interfund Payables	-
Total liabilities	<u>-</u>
<u>Fund Balance</u>	
Assigned	162,534
Unassigned	45,621
Total Fund Balances	<u>208,154</u>
Total Liabilities and Fund Balance	<u>\$ 208,154</u>

**Reconciliation of the Governmental Funds
Balance Sheets to the Statement of Net Position**

Total Fund Balances - Governmental Funds \$ 208,154

Amounts reported for governmental activities in the statement of net position are different because:

Long term liabilities and related accrued interest are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet -

Net Position of Governmental Activities **\$ 208,154**

Pineville Downtown Development District

***Statement of Revenue, Expenditures and Changes in
Fund Balance - Governmental Funds
For the Year Ended September 30, 2021***

	<u>General</u>
<u>Revenues:</u>	
Dividend Income	\$ 105
Total revenues	<u>105</u>
<u>Expenditures:</u>	
Current	
Economic Development	16,894
Debt Service	<u>-</u>
Total expenditures	<u>16,894</u>
<u>Special Items</u>	
Gain on Sale of Land Held for Resale	<u>-</u>
Total Other Financing Sources	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,789)
Fund Balance - Beginning of Year	<u>224,943</u>
Fund Balance - End of Year	<u>\$ 208,154</u>

Pineville Downtown Development District

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021**

Net change in fund balances of Governmental Funds	\$ (16,789)
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt provides current financial resources to governmental funds. However, this transaction doesn't have any effect on net position.	-
Governmental Fund report the principal portion of debt as expenditures. In the statement of activities, the principal portion of the debt payment reduces the debt.	<u>-</u>
Change in net position of governmental activities	<u>\$ (16,789)</u>

Pineville Downtown Development District

Notes to the Financial Statements

September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pineville Downtown Development District (The District) is a special taxing district established by legislation embodied in Louisiana Revised Statute (R.S.) 33:2740.50, as amended, and comprises an area encompassing the Downtown area of the City of Pineville, Louisiana. The District is capable of levying ad valorem taxes and/or sales and use taxes within the boundaries of the District in conjunction with planning, developing, constructing, or acquiring services, improvements, or facilities within the District's territories. The District has been designated as a local redevelopment authority for the City of Pineville's Downtown area, and has been authorized to incur debt, including revenue bonds, from revenue sources for its enumerated purposes. It is governed by a Board consisting of seven members appointed by the City of Pineville, the Rapides Parish Police Jury, the Central Louisiana Economic Development Alliance, the Central Louisiana Chamber of Commerce, and the North Rapides Business and Industry Alliance.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the reporting entity to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the District is not a component unit of the City of Pineville. While in certain circumstances, the City may be able to appoint a voting majority of the District's board, the City does not have the ability to impose its will on the organization, and does not have the ability to provide specific financial benefits or impose specific financial burdens on the District because of this relationship. In addition, the District is not fiscally dependent on the reporting entity, and the City's financial statements would not be misleading if data of the District is not included. The District does not have any component units.

Pineville Downtown Development District

Notes to the Financial Statements

September 30, 2021

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize all of the District's operations as governmental activities. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

The government-wide and fund financial statements present the District's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include any charges for services and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The District's sole major fund is described as follows:

- **General Fund** – This fund is the primary operating fund of the District is used to account for all resources, except those required to be accounted for in other funds.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements	Modified Accrual Basis	Current Financial Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure

Pineville Downtown Development District

Notes to the Financial Statements

September 30, 2021

of funds. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as other financing sources and repayment of long-term debt is reported as an expenditure of funds.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget Practices

State Law requires that budgets of the General Fund are prepared on the modified accrual basis of accounting. Unexpended appropriations of this fund lapse at the end of each fiscal year. Budgets of the General Fund and all changes and amendments to these budgets are approved by the Board of Commissioners as a whole.

Cash

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

Fund Balance

Fund Balances of the Governmental Fund are classified as follows:

Assigned – Amounts that are assigned by the Board of Commissioners to be used for a specific purpose. In the prior year, the Board of Commissioners assigned \$175,000 for the Main Street Façade Grant Program, a façade improvement program administered by the District. During the current year, disbursements of Façade Grants to local business started. The amount shows a reduction due to these disbursements.

Unassigned – All other spendable amounts

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spend first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

NOTE 2 - CASH

Deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of September 30, 2021 the District held \$32,090 in cash, and \$176,065 in cash equivalents.

Pineville Downtown Development District
Notes to the Financial Statements
September 30, 2021

At September 30, 2021, deposits were fully secured by FDIC insurance coverage.

Cash equivalents consist entirely of amounts invested in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

LAMP is an external investment pool that, to the extent practical, invests in a manner consistent with Generally Accepted Accounting Principles for investment pools. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 53 days as of September 30, 2021.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the positions in the external investment pool is the same as the net asset value of the pool shares.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority. The valuation techniques utilized by LAMP are considered Level 2 inputs.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Pineville Downtown Development District
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Gain on Sale of Land Held for Resale	-	-	0	-
Dividend Income	-	-	105	105
Total Revenues	-	-	105	105
Expenditures:				
Economic Development	175,000	175,000	12,466	162,534
Operating Expenses			4,428	(4,428)
Debt Service	-	-	-	-
Total Expenditures	175,000	175,000	16,894	158,106
Excess (Deficiency) of Revenues Over Expenditures	(175,000)	(175,000)	(16,789)	158,211
Fund Balance at Beginning of Year	224,943	224,943	224,943	-
Fund Balance at End of Year	\$ 49,943	\$ 49,943	\$ 208,154	\$ 158,211

Pineville Downtown Development District

***Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended September 30, 2021***

Agency Head - Courtney Paige, Executive Director

Purpose:

Compensation	-
Benefits	-
Reimbursements	-

ADDITIONAL INFORMATION

The Executive Director is the head of the District, and its chief executive officer. The Executive Director volunteers her services and does not receive any compensation, benefits or reimbursements.

Pineville Downtown Development District

Schedule of Findings

September 30, 2021

2021-001	Delayed Financial Reporting
Condition	The audit report was completed after the statutory deadline of March 31, 2022.
Criteria	State Law requires the audit report to be completed and submitted to the Legislative Auditor by March 31, 2022.
Cause	The audit report was delayed because of turnover in the Executive Director Position.
Effect	Noncompliance with State Law.
Recommendation	We recommend that all information required to submit the report be submitted to auditors well in advance of statutory deadlines.